

**CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION
FINANCING AUTHORITY
BOND FINANCING PROGRAM**

Meeting Date: September 24, 2008

Request Approval of Change of Remarketing Agent

Prepared by: *Brian Gorban*

Applicant: General Electric Capital Corporation ("Arroyo Energy Project")	Remarketing Amount: \$27,500,000
	Total Bond Amount: \$55,000,000
	Series A: \$27,500,000
	Series B: \$27,500,000
Project 555 North Tulip St.	Application Number: 046
Location: Escondido, CA 92025	Remarketing Bond Series: 1993 B

Summary. General Electric Capital Corporation ("GE Capital") requests the Authority remove the current Remarketing Agent for the Cogeneration Facility Revenue Bonds (General Electric Capital Corporation – Arroyo Energy Project) 1993 Series B (the "1993 Series B Bonds") and appoint Citigroup Global Markets Inc. ("Citigroup") to serve as the Remarketing Agent for the 1993 Series B Bonds. The current Remarketing Agent, UBS Securities, LLC, ("UBS") successor to Kidder Peabody & Co, has notified GE Capital of its intent to transfer such business to Citigroup.

Borrower. GE Capital is a segment of the General Electric Company ("GE"). GE is one of the largest firms in the world with its GE Capital segment offering products such as commercial loans, operating leases, financial programs, insurance, and credit cards.

Legal Questionnaire. None required.

Background. The 1993 Series B Bonds were issued by the California Alternative Energy Source Financing Authority (predecessor to the Authority) in the original principal amount of \$27,500,000. The 1993 Series B Bonds were issued concurrently with the \$27,500,000 original principal amount of Cogeneration Facility Revenue Bonds (General Electric Capital Corporation – Arroyo Energy Project) 1993 Series A (the "1993 Series A Bonds").

Current Request. Pursuant to Section 8.14 of the Indenture of Trust relating to the 1993 Series B Bonds the Authority may remove a Remarketing Agent and, with the advice of GE Capital, appoint a successor Remarketing Agent by notifying such Remarketing Agent and the Trustee. GE Capital has advised that Citigroup be appointed as the successor Remarketing Agent. Citigroup is an approved firm in the State Treasurer's Office Public Finance Division 2007-2009 underwriter pool and is eligible per Section 8.15 of the Indenture of Trust as Citigroup is a member of the Financial Industry Regulatory Authority (successor to the National Association of Securities Dealers, Inc.) organized and doing business under the laws of the United States or a state, has a capitalization of at least \$150,000,000 as shown in its most recent published annual report and a rating of least "Baa3/P-3" by Moody's or an equivalent from another Rating Agency. The Indenture of Trust provides that the removal of the current Remarketing Agent will be effective only after Citigroup has delivered an acceptance of its appointment to the Trustee.

No request is made at this time with respect to the 1993 Series A Bonds.

Financing Team.

Remarketing Agent: Citigroup Global Markets Inc.

Issuer's Counsel: Attorney General's Office

Staff Recommendation. Staff recommends approval of General Electric Capital Corporation's request to remove the current Remarketing Agent and appoint Citigroup Global Markets Inc. as Remarketing Agent for the 1993 Series B Bonds.

RESOLUTION OF THE
CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY
RELATING TO ASSIGNMENT OF REMARKETING
AGENT FOR GENERAL ELECTRIC CAPITAL
CORPORATION-ARROYO ENERGY PROJECT
1993 SERIES B BONDS

WHEREAS, the California Alternative Energy Source Financing Authority, as the predecessor to the California Alternative Energy and Advanced Transportation Financing Authority (“Authority”), has previously issued its Cogeneration Facility Revenue Bonds (General Electric Capital Corporation - Arroyo Energy Project) 1993 Series B (the “1993 Series B Bonds”) pursuant to the Indenture of Trust, dated as of September 1, 1993 (the “Indenture”), between the Authority and Bankamerica National Trust Company;

WHEREAS, the Indenture provides that the Authority may remove a Remarketing Agent and appoint, with the advice of General Electric Capital Corporation (the “Borrower”), a successor Remarketing Agent for the 1993 Series B Bonds;

WHEREAS, the Borrower has requested the Authority’s assistance in replacing UBS Securities LLC with Citigroup Global Markets Inc. as Remarketing Agent; and

WHEREAS, the Authority desires to assist with the succession of the responsibilities of Remarketing Agent from UBS Securities LLC to Citigroup Global Markets Inc.;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.

Agenda Item 4.B.1.

Section 2. As requested by the Borrower, the Authority hereby removes UBS Securities LLC as Remarketing Agent and appoints Citigroup Global Markets Inc. as Remarketing Agent for the 1993 Series B Bonds to be effective upon satisfaction of the conditions set forth in Section 8.15 of the Indenture and hereby finds and determines that Citigroup Global Markets Inc. is qualified to serve as Remarketing Agent under Section 8.15 of the Indenture.

Section 3. The Executive Director of the Authority is hereby authorized and directed to do any and all ministerial acts and to enter into any agreements, including (without limitation) to execute and deliver any and all notices and certificates, which, with the advice of the Attorney General, they may deem necessary or advisable to effectuate the purpose of this resolution.

Section 4. All actions heretofore taken by the officers and employees of the Authority with respect to the matters described herein are hereby approved, confirmed and ratified.

Section 5. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter.